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WELCOME FROM THE CHIEF EXECUTIVE OFFICER

It is a real pleasure, as acting CEO, to introduce our trustees' report for 2019: a year of growth and impact for the Royal Society of Chemistry. It is an account of just some of our impact in a very successful year – and just some of what we have learned, which will help us to achieve even more for the chemical sciences community in the future.

I am proud of how we welcome, champion and celebrate an ever-wider diversity of chemistry professionals within our community. We have accredited more company training schemes, awarded more professional registrations for science technicians, and significantly broadened our support and recognition for chemists with technical qualifications and roles. This reflects our ambition for everyone in the chemical sciences: that no matter who you are and what you do, you are able to achieve your potential.

We have done more than ever to connect chemical scientists with each other and the wider world: from Beijing to Bangalore and beyond, our staff, members and wider community have led events and initiatives that brought thousands of chemical scientists together to share ideas and spark new collaboration. Our actions to drive a transition to open access chemistry publishing are making even more high quality research freely available. And I'm sure our collaborative effort with worldwide partners to found the Federation of Commonwealth Chemistry Societies will prove a valuable long-term force for good.

Through 2019 we have aimed to be a bolder, more confident organisation; we have addressed significant and controversial issues within chemistry and in wider society, from bullying to Brexit, by offering clear opinions informed by well-researched evidence and insight. As a voice for the chemical sciences, we have become more assured and assertive, increasing our influence with decision-makers and our impact on the decisions they make.

In a remarkable year it has been difficult to select just a few highlights to include in the report – but I hope it makes clear that we are working hard to advance the chemical sciences, and I am proud of what we have achieved as a global community: advancing chemistry, together.

WELCOME FROM THE PRESIDENT

In the second and final year of my presidential term, I'm pleased to reflect on an organisation that was in a strong, successful position when I took office, and that will be stronger still when I proudly hand over to my successor.

2019 stood out in many ways, but perhaps none as much as the year we have spent together. It has been a year of growth and achievement, and I am proud of what we have achieved as a global community: advancing chemistry, together.

ABOUT US

CHEMISTRY IS AT THE CENTRE OF EVERYTHING YOU CAN SEE, SMELL, TOUCH AND TASTE.

Whether studying the chemistry of life, or developing the advanced science behind modern technology, chemical scientists use their expertise to improve our health, our environment and our daily lives.

The Royal Society of Chemistry is an international not-for-profit organisation connecting chemical scientists with each other, with other scientists, and with society as a whole. Founded in 1841 and based in London, UK, we have an international membership of over 50,000. We use the surplus from our global publishing and knowledge business to give chemical scientists the support and resources required to make vital advances in chemical science.

We develop, recognise and celebrate professional capabilities, and we bring people together to spark new ideas and new partnerships. We support teachers to inspire future generations of scientists, and we speak up to influence the people making decisions that affect us all. We are a catalyst for the chemistry that enriches our world.



Chemistry is the science of change. Chemical scientists investigate how and why atoms and molecules react, and use that knowledge to design and build new products useful to humankind, like medicine, fuel and advanced materials. Society uses these new products to improve our health and the way we live our lives. Modern chemistry is guided by principles of sustainability; the drugs and fuels of the future will be made with renewable starting materials and used with minimal environmental impact.

Understanding chemistry is essential in so many aspects of life. Public safety depends on evidence-based assessments of chemical risk, and science-informed policy and regulation. Eating a healthy diet means choosing the right balance of nutrients, vitamins and minerals—

OUR CHARTER

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OUR STRATEGY: SHAPING THE FUTURE OF THE CHEMICAL SCIENCES

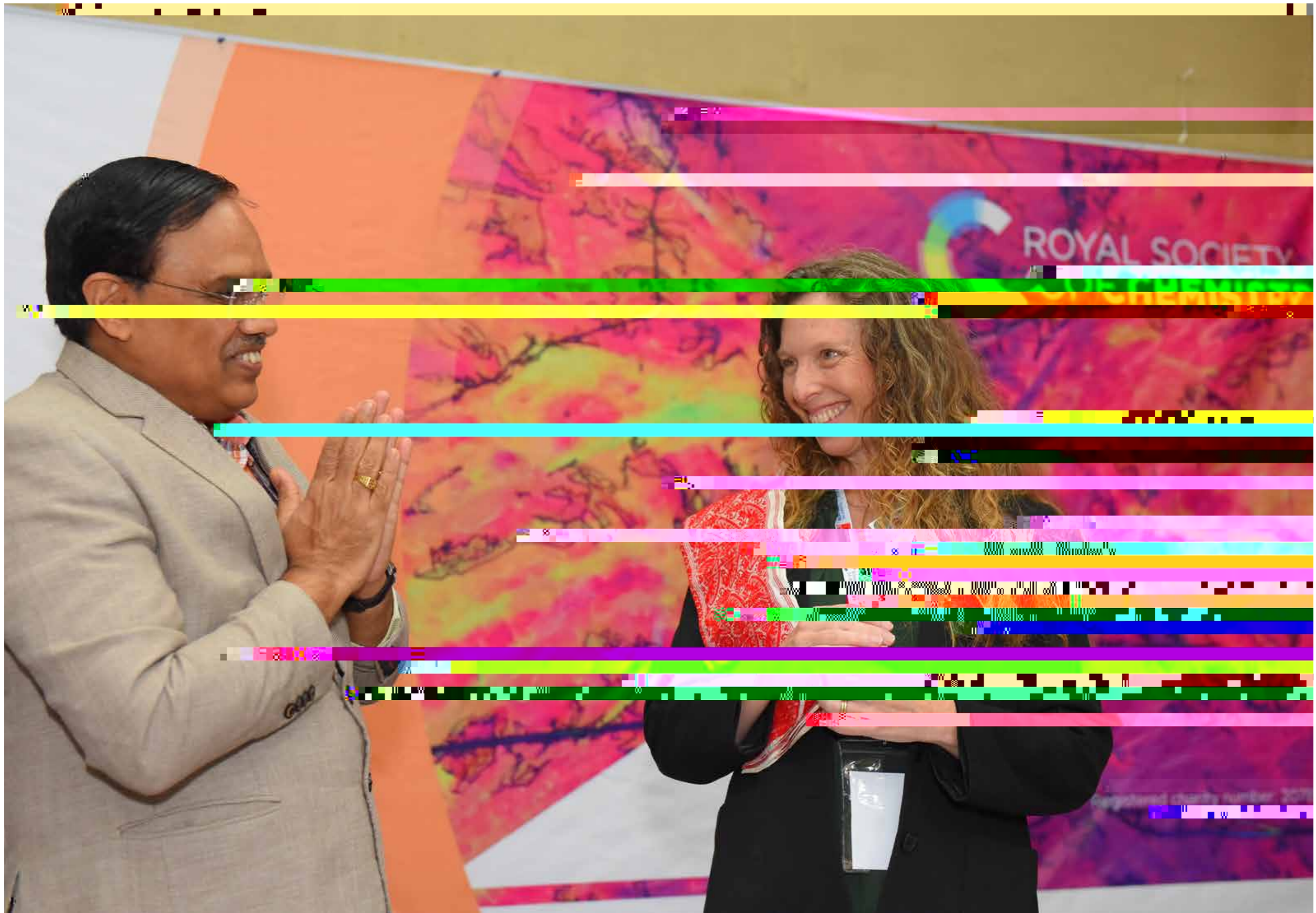
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2019 saw the successful completion of the Yusuf Hamied Inspirational Chemistry Programme – and a further generous commitment from Dr Hamied to continue the programme for the next four years.

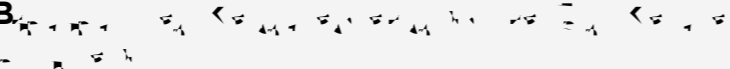
We delivered more than 1,000 training workshops to over 23,000 teachers between 2014 and the end of 2018, more than three times the initial target. Also, more than 1,600 students from 500 schools attended 26 Salters' Chemistry camps across 16 states since 2015.

The training gives teachers more tools to deliver engaging and effective science lessons, encouraging students to reach the standards necessary to study science at university. So far it



PROVIDER OF HIGH QUALITY CHEMICAL SCIENCE KNOWLEDGE

ACCELERATING THE GROWTH, DISSEMINATION,
APPLICATION AND IMPACT OF CHEMICAL SCIENCE
KNOWLEDGE

B 

Each year we run hundreds of conferences and events for the
chemical science community – from local networking events to



ENABLING RESEARCH AND COLLABORATION

Enabling Research and Collaboration

Research funding is extremely competitive, and the application processes often favour established researchers, especially for larger grants. As the average research grant value increases, it's even more essential that there's help available for students and early-career researchers. Even a relatively small grant makes a huge difference as a stepping-stone for talented researchers.

Our research and early-career researchers can apply for a grant to support their research. This is a great way to support your research and collaboration.



Room for improvement: gender bias

Publishing research articles and gaining citations for those articles are established – if contentious – markers of scientific success. But when we carried out the first in-depth gender analysis of publishing in chemical sciences, based on our own publishing data and processes, we found that the combined effect of several systemic biases puts women at a significant disadvantage when disseminating their research.

We found that women are less likely to be listed as senior authors, submit to high impact journals, and be cited by men in their research. Women are more likely to have articles rejected without review. Gender also influences acceptance and peer review more widely.

We have a responsibility to promote inclusivity and accessibility in order to improve diversity – and so now that we have identified this inequality in publishing, we must act to remove it.

We published our findings along with a commitment to do better, and a call for other publishers to do the same. We said we would

- increase transparency, conducting and publishing an annual audit
- reflect our research community, training reviewers and editors to ensure the gender balance matches that of the global chemistry community (36% women)
- empower and innovate, offering training and resources, and testing new ways of addressing bias in publishing processes
- encourage intervention, partnering with others and leading the development of a “framework for action”, to be published in early 2020



We are committed to scrutinising our own processes at each stage – and we’re calling on other publishers to do the same. We want

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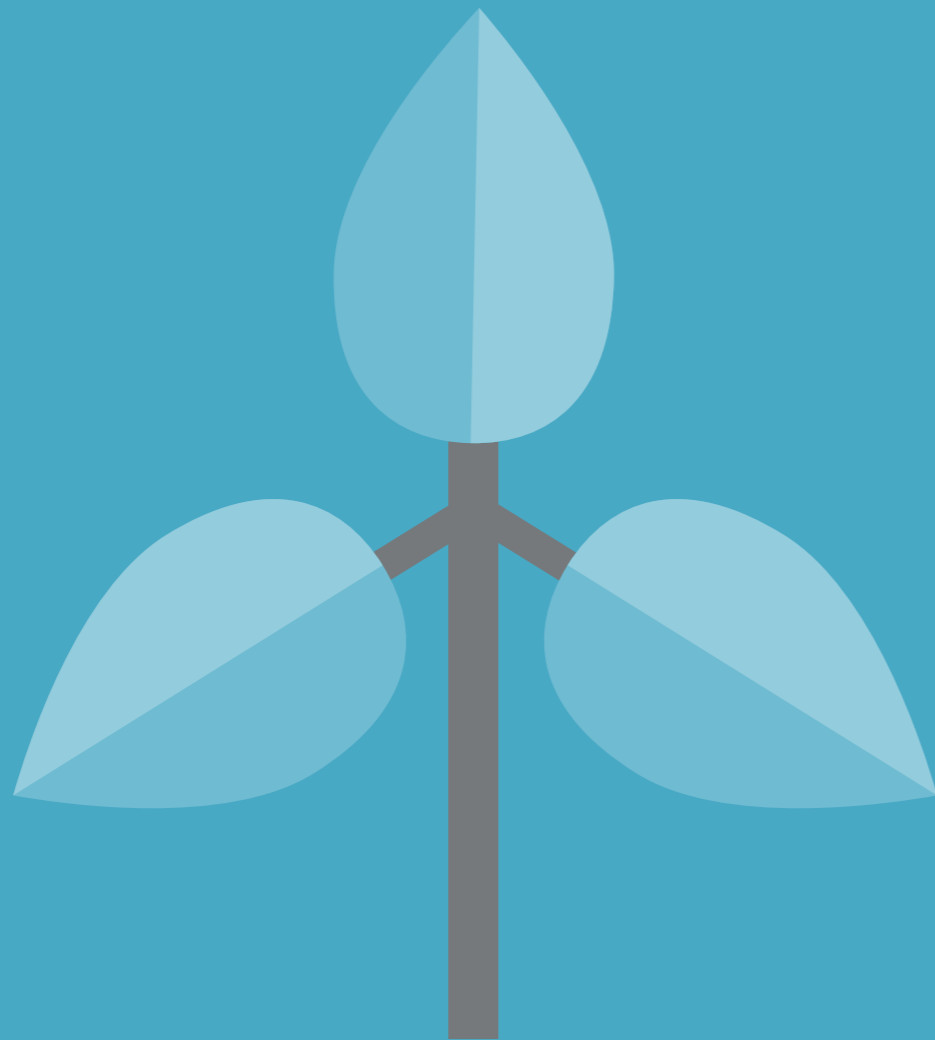
Room for improvement— a bolder, more confident voice

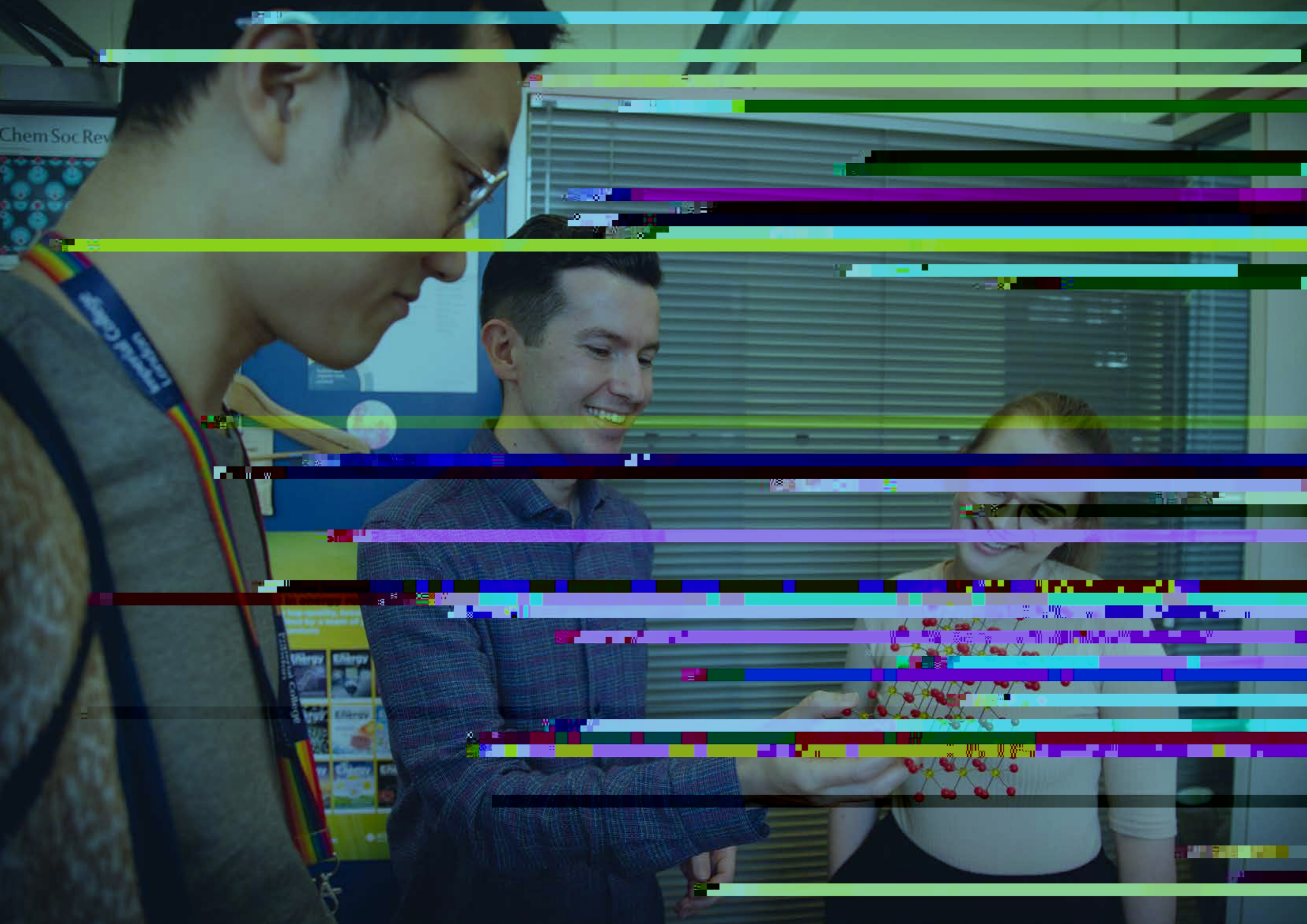
We have always advocated for the chemical sciences. Whether it's a quiet, well-placed word in the corridors of power, or across the



Chemistry is for everyone.

We believe that chemistry is for everyone, and that everyone should have the opportunity to reach their potential. When we uncover inequality and barriers to people succeeding, it's our





INTERNATIONAL YEAR OF THE PERIODIC TABLE

2019 WAS THE UN INTERNATIONAL YEAR OF THE PERIODIC TABLE OF CHEMICAL ELEMENTS (IYPT). IT CELEBRATED THE 150TH ANNIVERSARY OF DMITRI MENDELEEV'S FIRST PERIODIC TABLE – A TURNING POINT IN SCIENCE AND ONE OF THE MOST RECOGNISABLE ICONS OF CHEMISTRY.

The global chemistry community leapt at the chance to commemorate such an important part of our science and history – and to demonstrate how even 150 years later it remains relevant – crucial – to modern science.

As one community – RSC staff and members – we proudly led the UK's contribution to this international celebration, enabling a dazzling variety of engagement projects

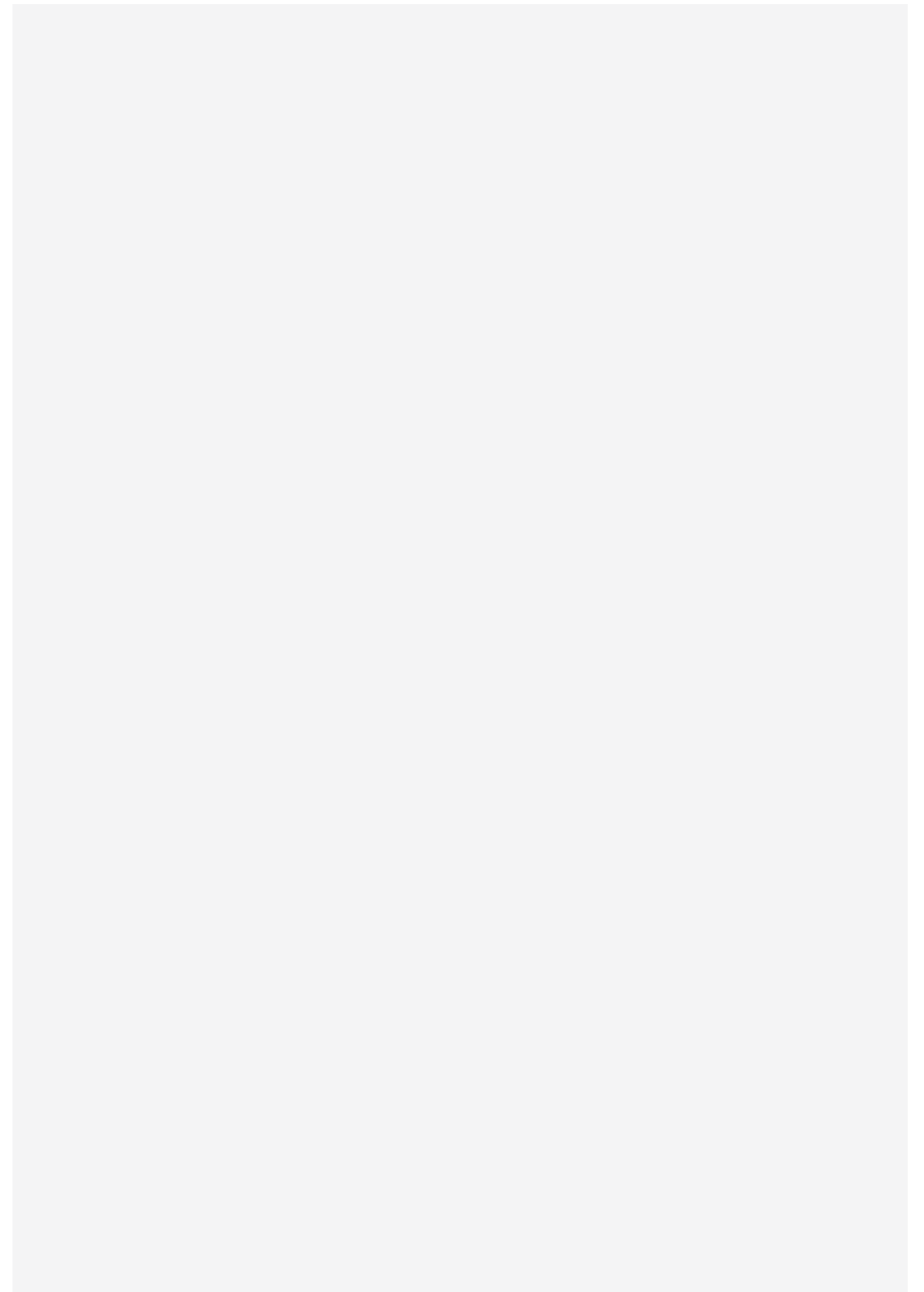
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- We awarded £83,500 in individual and member network grants in support of 97 global projects designed to engage diverse audiences and promote IYPT to the wider public. Grants supported projects in the UK, South Africa, India, New Zealand, Finland, Belgium, Italy and Madagascar

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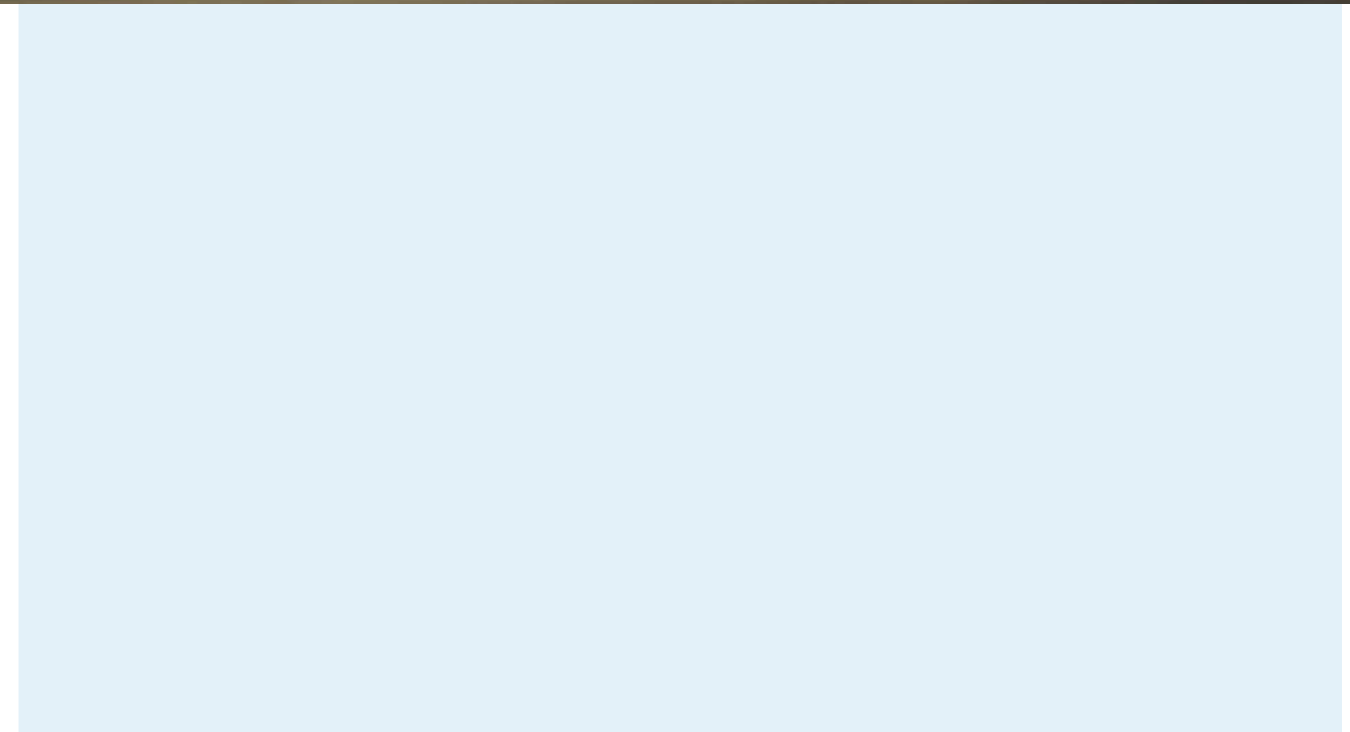
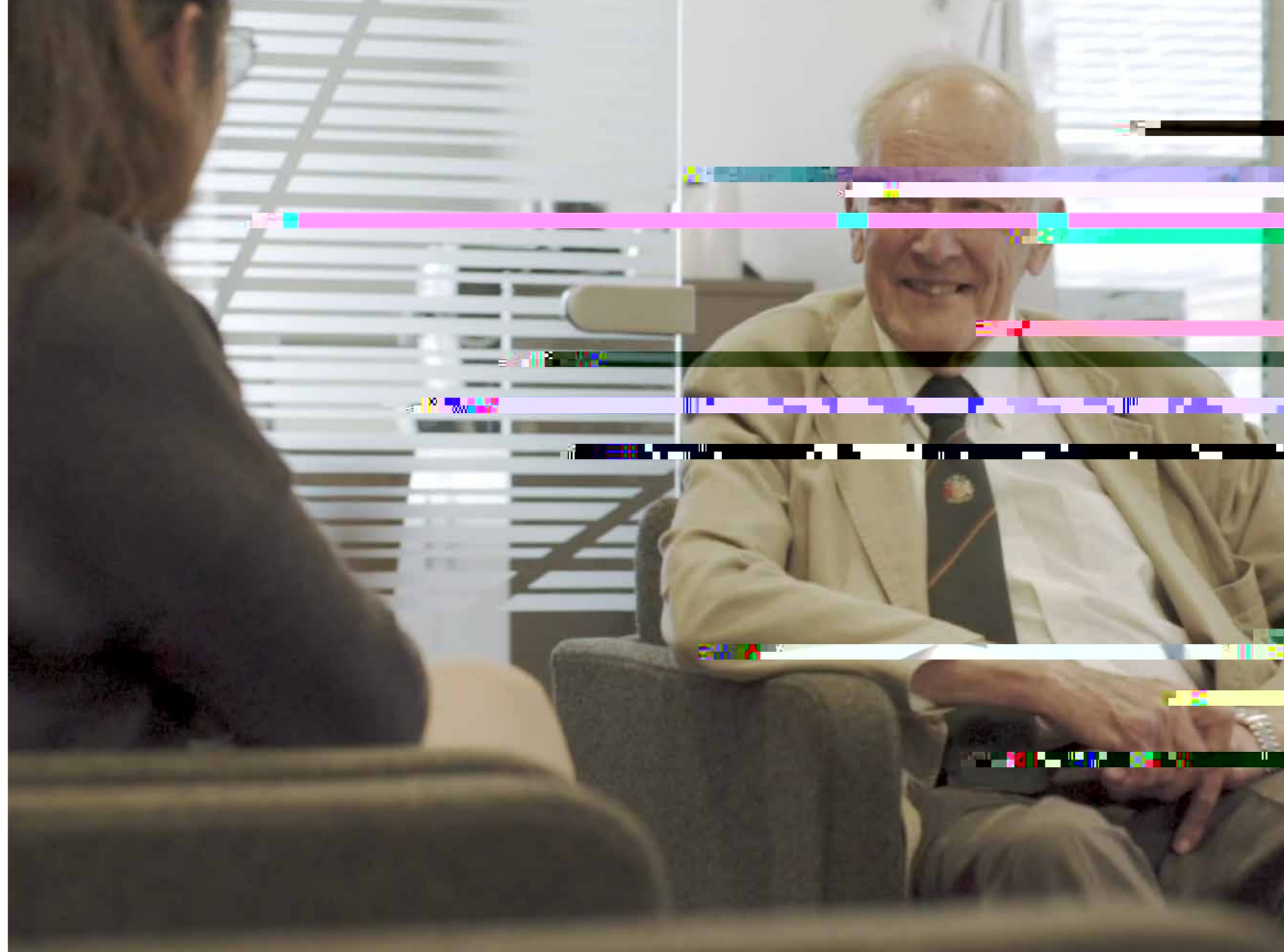
CHEMISTS' COMMUNITY FUND

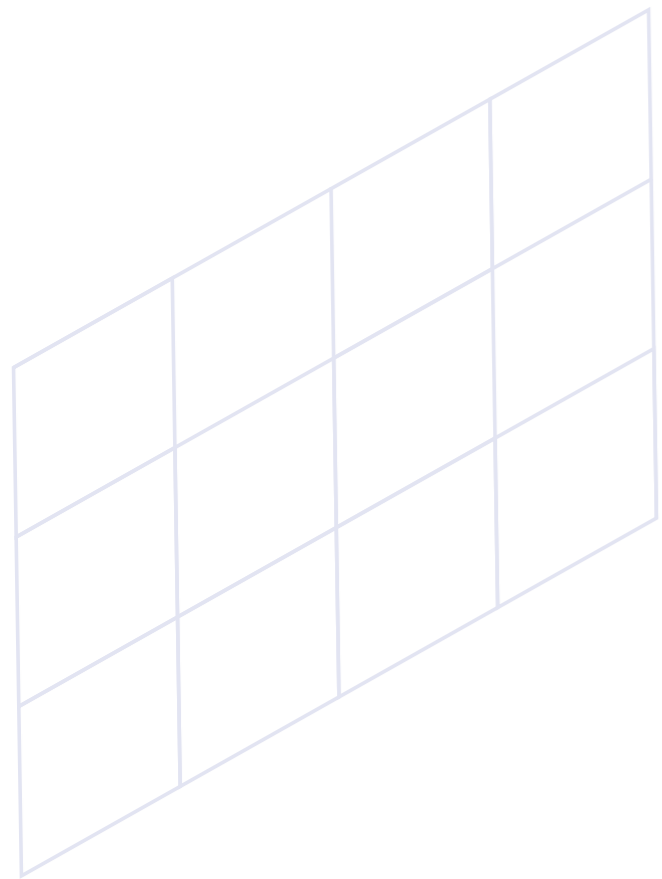
WHEN OUR MEMBERS OR THEIR DEPENDENTS
ARE IN NEED, WE'RE THERE TO HELP. IN 2019
WE'VE MADE MORE CHARITABLE GRANTS, MORE
PERSONAL SUPPORT, AND HELPED MORE PEOPLE



B

- 7 members gained £13,102 in welfare benefits, at a cost to the fund of only £720, through our partnership with Citizens Advice Manchester





Reserves policy

We review our reserves policy regularly. Our aim is to maintain our reserves at a sufficient level to ensure our financial resilience and sustainability, including protecting us against risks identified in the Risk Register.

Our reserves policy sets out the target reserves level and the key principles by which we will manage any excesses or deficits compared to the target. Our aim is to strike the appropriate balance between ensuring a sustainable financial position and using our funds to fulfil our charitable mission.

Free reserves represent unrestricted general funds of the RSC and exclude both the restricted funds held and funds that have been designated by our Trustees. The free reserves also exclude any funds that could only be realised by disposing of fixed assets held for charitable use.

In 2019, our policy was to maintain free reserves of at least £40.7m consisting of:

Free reserves element	Purpose for reserve	Target amount £m
Contingency reserve	<ul style="list-style-type: none"> Ensure short term solvency and stability in case of an extreme event Buy some time in the event of a serious income shock Enable the organisation to function while action is taken Ensure charitable commitments can be met 	18.3
Financial management reserve	<ul style="list-style-type: none"> Smooth out volatility Provide to the permanent 	

Restricted funds

The total restricted funds, including restricted income and endowment funds, held at 31 December 2019 were £24.1m (2018: £22.8m) and represents income for restricted purposes specified by the donor that are not available for the general purposes of the charity.

Of this, £16.7m (2018: £15.7m) relates to the Chemists' Community Fund, which is a

Structure, governance and management

The Royal Society of Chemistry is a registered charity governed by a Royal Charter that was granted on 15 May 1980, following the amalgamation of the Chemical Society, the Royal Institute of Chemistry, the Faraday Society, and the Society for Analytical Chemistry.

We are governed by our Board of Trustees, members of which are elected or appointed in accordance with our charter and by-laws.

Our Board of Trustees comprises:

- President
- President Elect or Immediate Past President
- Honorary Treasurer
- Seven Elected Trustees
- Up to eight Appointed Trustees who may be Chairs of our Board or other persons appointed by the Board of Trustees.

In accordance with the By-laws of the Society, the trustees are elected to position at the Annual General Meeting. Any member of the RSC may stand for election as an Ordinary Member and any Fellow may stand for election as President or Honorary Treasurer. All members are eligible to nominate candidates and vote in elections. The Board of Trustees

itself may also make nominations. Voting takes place by post or electronically and is managed by an external provider approved by the Board of Trustees. Election of Ordinary Members for the Board of Trustees normally takes place every two years. The next election will be for Ordinary Members to take office after the 2021 Annual General Meeting (AGM).

Our governance structure

Our governance boards and committees develop strategic planning and policies with the support of staff and subject to approval by the Board of Trustees, which delegates the day-to-day management of the organisation and strategy implementation to the Chief Executive Officer (CEO) and staff. Members of staff provide updates on progress to the governance bodies, which, in turn, report to the Board of Trustees on performance against our strategy.

Each board and committee has a chair appointed by the Board of Trustees. More details on the current structure and membership of each board can be found on our website:

<http://www.rsc.org/about-us/our-structure/-boards-committees>

The Board of Trustees has oversight of the RSC's involvement in the Science Council, the European Association for Chemical and Molecular Sciences (EuChemS) and the European Technology Platform for Sustainable Chemistry (SusChem).

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Remuneration of key management personnel

Our Leadership Team, led by the Chief Executive Officer (CEO), manages the implementation and operational delivery of the RSC's agreed strategy, programmes of activity by promoting leadership and direction, and works closely with the Board of Trustees to ensure we are governed effectively. The Performance Management and Remuneration Committee is responsible for:

- Setting objectives for and reviewing the performance of the CEO, and determining his or her salary in accordance with the organisation's performance management procedures
- On the basis of recommendations from the CEO, discussing and agreeing any major changes to the duties of senior staff i.e. the Deputy Chief Executive Officers (DCEOs) and the leadership team (LT), their annual remuneration and any change in the number of such posts
- Ensuring that appropriate benchmarking is in place to understand how the salary and remuneration packages of the CEO, DCEOs and LT members compare to those in similar organisations
- Providing general advice to the CEO on people management issues, in accordance with by-law 74

Remuneration of the CEO and other key management personnel is determined by the Performance Management and Remuneration Committee. The Committee is responsible for setting objectives for and reviewing the performance of the CEO, and determining his or her salary in accordance with the organisation's performance management procedures. On the basis of recommendations from the CEO, the Committee discusses and agrees any major changes to the duties of senior staff i.e. the Deputy Chief Executive Officers (DCEOs) and the leadership team (LT), their annual remuneration and any change in the number of such posts. The Committee also ensures that appropriate benchmarking is in place to understand how the salary and remuneration packages of the CEO, DCEOs and LT members compare to those in similar organisations. The Committee provides general advice to the CEO on people management issues, in accordance with by-law 74.

- Royal Chemistry India Private Limited
- Royal Chemistry India Foundation
- Royal Society of Chemistry Japan KK
- Friends of RSC Inc.
- RSC Worldwide (Germany) GmbH
- Commonwealth Chemistry Limited

Connected charities

The RSC jointly administers the Sir George Beilby Memorial Fund. An annual prize of £1,000 is awarded and sustained by a trust fund commemorating Sir George Beilby FRS, President of the Society for Chemical Industry (SCI) (1898-99), the Institute of Chemistry (1909-12) and The Institute of Metals (1916-1918) and founding Chairman of the Fuel Research Board.

The award is administered in rotation by the RSC, the Institute of Materials, Minerals and Mining and the SCI. It recognises substantial work of exceptional practical significance in chemical engineering, applied materials science, energy efficiency or related field, and is made to scientists or engineers. The assets of the fund are held in a named portfolio with Schroders Investment Management Limited. The RSC's share of the fund has not been consolidated within the Consolidated Balance Sheet and Statement of Financial Activities on the basis of materiality.

The RSC works with a broad range of UK and international charities. Details are available on request.

Reference and Administrative Details

Charity Registration Number

The Royal Society of Chemistry's charity registration number is 207890 and this registration encompasses the RSC Chemists' Community Fund, the Royal Society of Chemistry and its trust and lecture funds and member networks.

Leadership team for the year 1 January 2019 to 31 December 2019

Chief Executive Officer

Dr Robert Parker CSci CChem FRSC

Deputy Chief Executive

Dr Helen Pain CSci CChem FRSC

Deputy Chief Executive

Paul Lewis FRSA FInstLM

Finance Director

Stephen Joyce FCPFA

Director of Science and Communities

Dr Jo Reynolds FRSC

Director of Human Resources and Organisation Development

Karen Roberts MCIPD

Interim Director of Education and Professional Practice

Nicole Morgan CChem FRSC

Director of Publishing, Journals and Databases

Dr Emma Wilson MRSC

Director of Technology

Dr Frank Gibson
(to February 2019)

Interim Director of Technology

Chris Cook
(from February 2019)

Director of Sales and Marketing

Stephen Rumbelow FCIM
(from February 2019)

Auditors, Bankers and other Professional Advisors

Auditors

RSM UK Audit LLP

2nd Floor
North Wing East
City House
Hills Road
Cambridge CB2 3RQ
RSM UK Audit LLP
27 Colindale Avenue
London NW9 1EQ
RSM UK Audit LLP
100 Brook Hill Drive
Cambridge MA 02142
USA
RSM UK Audit LLP
100 Brook Hill Drive
Cambridge MA 02142
USA

Royal Society of Chemistry Council

Patron

Her Majesty The Queen

Council Members for the year 1 January 2019 to 31 December 2019

Honorary Officers

President

Professor Dame Carol Robinson DBE HonFRSC FRS

President Elect (from July 2019)

Chair, Professional Standards Board (up to July 2019)

Professor Tom Welton OBE CChem FRSC

Immediate Past President and Chair, Member Communities Board

Professor Sir John Holman CChem FRSC
(retired July 2019)

Honorary Treasurer and Chair, Finance & Resources Board

Dr Paul Satchell CChem FRSC

Appointed Trustees

Chair, Publishing Board

Professor Geoffrey Maitland CBE CChem CEng FRSC
FICHEM FREng

Chair, Professional Standards Board

Dr Andy Rudge CSci CChem FRSC
(from July 2019)

Chair, Member Communities Board

Professor Tom Brown CChem FRSC FRSE
(from July 2019 to January 2020)

Elected Trustees

Professor Andrew Bell CChem FRSC

Ms Julia Hatto BEMCSci CChem FRSC

Dr Elizabeth Rowsell FRSC

Professor Tom Simpson CChem FRSC FRS FRSE

Dr Louise Armstrong-Denby CChem FRSC
(from July 2019)

Claire Gallery-Strong CSci CChem FRSC
(from July 2019)

Professor Annie Powell CChem FRSC
(from July 2019)

Professor Marina Resmini FRSC
(from July 2019)

Professor Polly Arnold OBE CChem FRSC FRSE FRS
(retired July 2019)

Professor Sabine Flitsch CChem FRSC
(retired July 2019)

Professor Melissa Hanna-Brown CChem FRSC
(retired July 2019)

Dr David Rees CChem FRSC
(retired July 2019)

Dr Janette Waterhouse EurChem CChem FRSC
(retired July 2019)

All the members named above, with the exception of those who have retired or stood down, form the Board of Trustees as at the date of signing the Trustees' report.

Responsibilities of the Trustees

Statement of Trustees' responsibilities in respect of the Trustees' report and the accounts

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the charity and of the incoming resources and application of resources of the group for that period. In preparing those financial statements, the Trustees are required to



- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Royal Society of Chemistry will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the charity and to enable them to ensure that the financial statements comply with the Charities Act 2006.

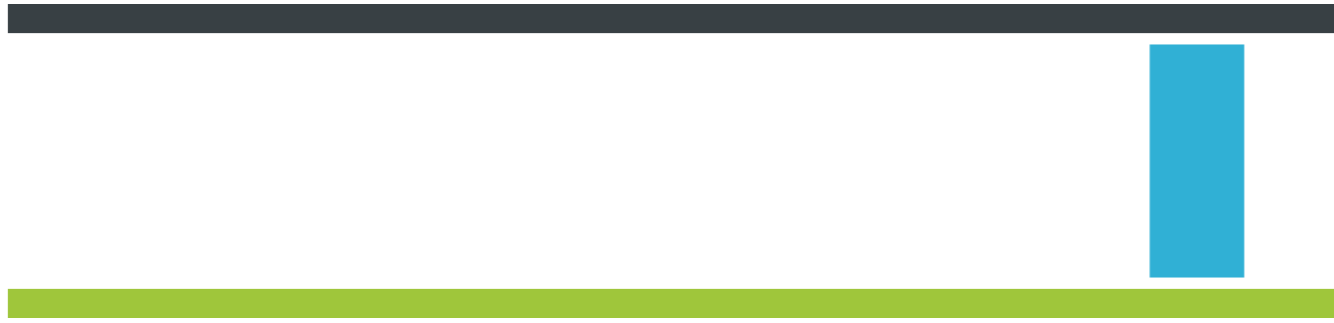
Consolidated statement of financial activities for

5. Analysis of grant expenditure (Group and Charity)

7. Total sta costs

	2019	2018
	£000	£000
		
		

9. Support costs



12. Pension fund (continued)

Defined benefit scheme: principal actuarial assumptions at the balance sheet date

	At 31/12/2019	At 31/12/2018
	%	%
Rate of discount	2.10	2.80
Inflation (RPI)	2.85	3.25
Inflation (CPI)	2.05	2.25
Salary increases	3.05	3.25
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.05	2.25
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.05	2.25
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.75	3.15
Allowance for pension in payment increases of RPI or 3.5% p.a. if less	2.45	2.85
Allowance for commutation of pension for cash at retirement	90% take-up	90% take-up

Defined benefit scheme: the mortality assumptions adopted at 31 December imply the following life expectancies

	At 31/12/2019	At 31/12/2018
	Life expectancy at age 60 (years)	
	2.45	2.85
		2.45
		2.85
		2.45
		2.85
		2.45
		2.85
		2.45
		2.85
		2.45
		2.85

17. Investment in subsidiaries

Charity	Investment	Capital and reserves
	£	£000
RSC Worldwide Limited*	100	654
RSC Worldwide (US) Inc**	6,431	438
RSC Worldwide (Germany) GmbH**	24,931	30
Chemistry Limited*	2	388
RSC (Beijing) Chemical and Science Technology Consulting Co., Ltd.**	120,000	616
Royal Chemistry India Private Limited***	157,272	426
Royal Society of Chemistry Japan K.K.**	69,729	169
Royal Chemistry India Foundation****	151	132
Friends of the RSC, Inc.	-	31
Commonwealth Chemistry Limited	1	-

* RSC owns 100% of the Issued Share Capital.

** RSC Worldwide Limited owns 100% of the Issued Share Capital.

*** RSC Worldwide Limited owns 99.99% of the Issued Share Capital.

**** Royal Chemistry India Private Limited owns 100% of the Issued Share Capital.

The Consolidated Balance Sheet incorporates the above balance sheets of these subsidiary companies after elimination of the intercompany debtor and creditor balances due to and from the RSC.

The primary purpose of all subsidiaries with the exception of Chemistry Limited is to promote the RSC and its charitable objectives in different territories of the world.

The activities of RSC Worldwide Limited span across publishing, scientific conferences and events.

The principal activity of Chemistry Limited is to promote Burlington House as a unique venue for both chemistry and non-chemistry related events and to facilitate the non-

27. Chemists' Community Fund Memorandum Account

The RSC Chemists' Community Fund was established to provide financial relief of its Beneficiaries, and insofar as the income is not required for such relief, to carry out such other legally charitable purpose as the RSC shall in its absolute discretion think fit. The Chemists' Community Fund operates within a well defined strategy to provide a flexible range of financial and non-financial help to members and their dependants to relieve poverty. We have a network of volunteers, predominantly in the UK. Some are actively

involved in visiting existing or potential beneficiaries to help them with the application process. Others provide peer support, and are a local point of contact for isolated members of our community.

This memorandum account discloses the Chemists' Community Fund income and expenditure for the year ended 31 December 2019.

	2019			2018		
	Restricted income funds	Expendable endowment funds	Total	Restricted income funds	Expendable endowment funds	Total
	£000	£000	£000	£000	£000	£000
Income						
Casual Donations	-	22	22	-	20	20
Legacies and Bequests Revenue	-	345	345	-	24	24
Investment Income	149	-	149	141	-	141
Total income	149	367	516	141	44	185
Expenditure						
Grants Awarded	(100)	-	(100)	(46)	-	(46)
Investment & Banking Fees	-	(116)	(116)	-	(129)	(129)
Staff Costs	(185)	-	(185)	(155)	-	(155)
Volunteer Expenses	(5)	-	(5)	(4)	-	(4)
Member Expenses	(4)	-	(4)	(3)	-	(3)
Other	(46)	-	(46)	(21)	-	(21)
Total expenditure	(340)	(116)	(456)	(229)	(129)	(358)
Net (expenditure)/income before investment gains	(191)	251	60	(88)	(85)	(173)
Gains/(losses) on investment assets	-	1,134	1,134	-	(664)	(664)
Net (expenditure)/income	1,195	(191)	1,385	(88)	(749)	(837)
Transfer between funds	-	(190)	(190)	-	-	-
Net movement in funds (decrease)/increase	(191)	1,195	1,004	(88)	(749)	(837)
Reconciliation of funds						
Fund balances brought forward						

Centenary Fund

In July 1947 the Chemical Society and subsequently the RSC celebrated the centenary of its foundation, which was commemorated by the creation of a capital fund. The fund is administered by the Council of the Society and the interest earned on the capital investment is employed to further the objectives of the RSC, such as the promotion of international interchange of new chemical knowledge.

Colman-Porter Fund

The fund was founded in 1999 following a bequest from Mrs I V Colman-Porter for the purpose of helping needy but able post-graduate chemistry students. The capital is invested and the interest used to provide bursaries to students to allow their attendance at courses peripheral to their research but essential to their understanding of the world of business and current practices in industry.

Research Fund

The fund has been established to promote original research in the science of chemistry. The fund is administered by the RSC and is awarded by the Research Fund Committee, which is authorised to make a limited number of awards in any one year.

Corday Morgan Memorial Fund

The fund was founded in 1940 following a bequest by Sir Gilbert Morgan. The funds are to be applied for the unification of the chemical professions formerly within the British Empire by grants or other awards to the Chemical Council or to any other representative body of British chemists in such a manner as the Chemical Society, subsequently the RSC, may in their absolute and uncontrolled discretion determine.

J O Cutter

The fund was founded in 1987 following a bequest by John Cutter. The income from the bequest is to establish and maintain a scholarship at a university approved by the RSC.

Hickinbottom Fund

The fund was founded in 1979 and incorporates the William Briggs Scholarship. The income from the funds are used to endow a prize for notable contributions to the practices of organic chemistry.

Conference income

Income for conferences is recognised in the year of the event.

Publishing income

Income from publishing activities, including Chemistry World, is recognised in two separate ways, dependent on the specific product:

- Income for the sales of institutional subscriptions, package subscriptions and consortium deals, is recognised in equal monthly proportions during the subscription year.
- Income for the sales of journal archive and eBooks is

Intangible fixed assets

Intangible assets are capitalised at cost, including any directly attributable costs. These are currently amortised on a straight-line basis over a five year period, which is the useful economic life of the asset. A full impairment review is carried out in the year of acquisition with consideration given in subsequent years to whether any indicator of impairment exists.

Amortisation of the index and databases are charged to publishing activities. The web platform is used for activities across the whole organisation and therefore amortisation is apportioned across all charitable activities.

Tangible fixed assets and depreciation

Items of a capital nature are capitalised at cost if their individual purchase price is valued at £10k or above. For groups of items that cumulatively exceed £10k the previous point still applies, as the categorisation will be based on the unit price. The only exception to this is where individual components are integral to a main asset coming into use. Purchased software is capitalised at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold land and buildings:

Thomas Graham House	2%
Burlington House	5%

Fixtures, fittings and equipment:

Computer software	20%–33%
Personal computers	25%
Other computer hardware	20%
Other fixtures and fittings	2%–25%

Fixed Assets are written down to their realisable value if it is considered that there has been a permanent diminution in their value. Assets are reviewed annually for impairment.

Investments

Quoted investments are stated at market value, using quoted bid price, at the balance sheet date. Account is therefore taken of both realised and unrealised gains in the SoFA. Investment income is stated on an accruals basis.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

Stocks

The recognition of stock is required under section 13 of FRS102, unless it is considered immaterial. Stocks held by the RSC include publications and paper stocks. These are considered immaterial and in 2019, the RSC stopped recognising stock on the balance sheet, and has instead taken the charge directly to the SoFA.

Heritage assets

The RSC does not capitalise its heritage assets as neither reliable cost information nor comprehensive valuations are readily available and such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the Charity. The RSC was founded in 1841 and the library collection has been built over time to contain a large number of unique and irreplaceable historical items. Therefore due to the number of books held and the lack of comparable market values these assets have not been recognised on the balance sheet as any value attributed to these assets would be purely subjective and of limited practical use.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefit as a result of past transactions or events.

Derivative instruments

The RSC uses forward foreign currency contracts and forward options to reduce exposure to foreign exchange rates. Forward options involve buying a contract which would give the RSC the right but, unlike forward foreign currency contracts, not the obligation to exchange foreign currency for GBP at a pre-agreed rate on a specified date. Forward option premiums are expensed to the SoFA. Derivative financial instruments are initially measured at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in the SoFA.

Pensions

The RSC has two types of pension scheme:

Def ned contribution plan

The RSC operates a def ned contribution scheme. The RSC's contributions are charged to the SoFA's general funds and restricted income funds during the period in which the employee is an active member of the scheme. The cost of administering the scheme and providing for death in service are met by the RSC.

Def ned benef t plan

The RSC operates a def ned benef t pension scheme.

The def ned benef t plan closed to new entrants on 31 December 2002 and was closed to future accrual on 30 November 2011.

The pension liability recognised in the balance sheet is the obligation of the RSC, being the present value of its def ned benef t obligation at the reporting date minus the fair value at the reporting date of plan assets out of which the obligations are to be settled.

The pension cost

C

The expense minus the fair value of plan assets

C

C

The net expense

e

